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June 21, 2007

VIA ECFS

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

**RE: Armstrong Utilities, Inc. ("Armstrong") Request for Waiver; CSR-7112-Z
 Withdrawal of June 17, 2007 Notice of Ex Parte Communication in CS Docket No. 97-
 80 / Substitution of Revised Notice of Ex Parte Communication**

Dear Ms. Dortch,

We write to withdraw the June 17, 2007 Notice of Ex Parte Communication filed by this office on behalf of Armstrong. The Notice was filed by this office in error and did not accurately reflect the communication that took place between Armstrong and Commission staff on May 21, 2007. Below, we substitute a Revised Notice of Ex Parte Communication.

Revised Notice of Ex Parte Communication

Under 47 CFR § 1.1206(b), we electronically provide this notice of an ex parte oral presentation in the docket listed above. On May 21, 2007, Nicole Paolini-Subramanya, outside legal counsel to Armstrong, and Jeffrey Ross, President of Armstrong Cable Services, met with Michelle Carey, Senior Legal Advisor to Chairman Kevin J. Martin.

The purpose of the meeting was to discuss Armstrong's pending Request for Waiver of 47 C.F.R. §1204(a)(1), which was filed on November 6, 2006. The attached handout was also distributed and discussed at the meeting.

Sincerely,

_____/s/_____

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Low-Cost Set-Top Box Waiver for the DCT-700 May 2007

About Armstrong. Armstrong is a privately-held cable company providing services to 233,400 customers in PA, OH, WV, KY and MD. Our systems serve predominately smaller markets and rural areas. We offer broadband Internet, VoIP, HD, and DVRs to nearly our entire customer base.

Armstrong's all-digital Television Plus service. In 2006, Armstrong invested over \$1.6 million to launch its all-digital Television Plus service. Television Plus includes nearly 70 digital channels (including the digital simulcast of Armstrong's analog basic and expanded basic services), an interactive program guide, VOD, digital music, and advanced parental controls. Armstrong uses the Motorola DCT-700 digital set-top box to provide its Television Plus service.

The ultra-low-cost DCT-700 is driving Armstrong's deployment of digital services. The DCT-700 is the lowest priced set-top box on the market. It costs Armstrong only about \$80 per unit. Before the DCT-700, Armstrong's only choice was higher-priced set-top boxes, which meant that Armstrong needed to charge subscribers \$4.95 more for digital services than for analog expanded basic services. At that price, Armstrong was deploying only 654 set-top boxes per month. With the DCT-700, Armstrong can offer Television Plus for \$48.90, only \$2.95 more than analog expanded basic. At this price, Armstrong is now deploying over 4,855 DCT-700s per month. In other words, **the DCT-700 continues to produce a 742% increase in Armstrong's deployment of digital boxes.** Of Armstrong's 233,400 subscribers, over 93,000 are now digital.

Without a waiver, Armstrong cannot offer low cost, all-digital Television Plus. Without a waiver for the DCT-700, Armstrong will need to eliminate Television Plus, or raise the price back to \$4.95 more than analog expanded basic. We know from experience that this higher price point will cause digital penetration to slow to a crawl or stop altogether.

A waiver for the DCT-700 should not be conditioned on Armstrong transitioning to all-digital services. There is no public interest benefit to Armstrong going all-digital.

- **Many of Armstrong's subscribers do not want digital services.** Through market research and experience, Armstrong believes that about 20% of its subscribers simply do not want digital services. They prefer less expensive, easier-to-use analog services. This includes senior citizens, who often have a difficult time operating digital services. Other customers do not want to be forced to take and pay for digital services for their 2nd, 3rd, 4th or 5th television. Consumers do not benefit by being forced to take and pay for services that they do not want or cannot use.
- **Armstrong does not need to reclaim analog bandwidth to provide additional advanced services.** Armstrong has ample capacity to provide all the advanced services that it has planned for the foreseeable future. If Armstrong ever needs additional capacity, it can obtain it more efficiently through means other than eliminating analog services, such as upgrading to 1 GHz or using switched digital video techniques

In short, transitioning to all-digital means higher prices and less consumer choice, but results in no additional advanced services.

CINNAMON MUELLER